

ASSEMBLY BILL

No. 1777

Introduced by Assembly Member Portantino
(Coauthors: Senators DeSaulnier and Liu)

February 9, 2010

An act to add Chapter 9.1 (commencing with Section 8758) to Division 1 of Title 2 of the Government Code, and to add Section 7101.2 to the Revenue and Taxation Code, relating to the arts.

LEGISLATIVE COUNSEL'S DIGEST

AB 1777, as introduced, Portantino. Creative Industries and Community Economic Revitalization Act of 2010.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property, and requires that all revenues derived from that tax, except as provided, be deposited in the State Treasury to the credit of the Retail Sales Tax Fund. Existing law establishes in state government the California Arts Council and imposes various duties on the council to foster arts development and to award grants and prizes to individuals and organizations in the arts, as provided.

This bill would establish the Creative Industries and Community Economic Revitalization Act of 2010, which would create, in the State Treasury, the Creative Industries and Community Economic Revitalization Fund.

The bill would require that 20% of all revenues derived from the payment of sales and use taxes that are remitted to the State Board of Equalization by the taxpayers engaged in specified lines of business, as provided, be deposited in the fund. The council would be authorized

to expend the moneys in the fund, upon appropriation by the Legislature, to issue grants pursuant to the act.

The bill would authorize a city, county, district, including, but not limited to, a regional park district, a joint powers authority, or a nonprofit arts organization deemed eligible by the council, to apply to the council for a local assistance program grant for organizational support. The council would be required, when issuing a grant, to encourage joint partnerships between applicants, and to submit an annual report to the Legislature that includes the status of each grant made pursuant to the act.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Life in this state is enriched by art, innovation, and creativity.
- 4 (b) The source of art is in the natural flow of the human mind,
- 5 but realizing craft and beauty is demanding, and the people of the
- 6 state desire to encourage and nourish these skills wherever they
- 7 occur, to the intrinsic and extrinsic benefit of all.
- 8 (c) Every dollar in state support for the arts leverages seven
- 9 dollars (\$7) in earned and contributed revenue.
- 10 (d) This state's cultural enterprises provide approximately
- 11 500,891 jobs for its residents, accounting for 7.6 percent of total
- 12 employment.
- 13 (e) Nonprofit arts organizations contribute five billion four
- 14 hundred thousand dollars (\$5,000,400,000) to this state's economy.
- 15 (f) Nonprofit arts organizations are a partner to the creative
- 16 industries, and play a key role in the 21st Century workforce and
- 17 the global economy, including in the fields of architecture,
- 18 advertising, consulting, education, performing arts, museums, and
- 19 other cultural industries, design, including electronic design,
- 20 software development, film, games, including computer games,
- 21 historic preservation, music, new media, publishing, radio and
- 22 television, and tourism.
- 23 (g) An investment in the arts and the creative economy industries
- 24 can revitalize a neighborhood or area by accomplishing all of the
- 25 following:

- 1 (1) Stimulating the economy.
- 2 (2) Engaging residents.
- 3 (3) Drawing tourists.
- 4 (4) Providing a sense of community.
- 5 (5) Serving as a gathering place.
- 6 (6) Encouraging creativity.
- 7 (7) Strengthening community partnerships.
- 8 (8) Promoting the arts and supporting artists.
- 9 (9) Developing a positive image for the area.
- 10 (10) Enhancing property values.
- 11 (11) Capitalizing on local cultural, economic, and social assets.
- 12 (12) Creating jobs.

13 SEC. 2. Chapter 9.1 (commencing with Section 8758) is added
14 to Division 1 of Title 2 of the Government Code, to read:

15
16 CHAPTER 9.1. CREATIVE INDUSTRIES AND COMMUNITY
17 ECONOMIC REVITALIZATION ACT OF 2010
18

19 8758 (a) For purposes of this chapter, the following definitions
20 shall apply:

21 (1) "Council" means the California Arts Council established
22 pursuant to Section 8751.

23 (2) "Fund" means the Creative Industries and Community
24 Economic Revitalization Fund established pursuant to Section
25 8758.1.

26 (b) This chapter shall be known, and may be cited, as the
27 Creative Industries and Community Economic Revitalization Act
28 of 2010.

29 8758.1. (a) All revenues collected pursuant to Section 7101.2
30 of the Revenue and Taxation Code shall be deposited in the
31 Creative Industries and Community Economic Revitalization Fund,
32 which is hereby established in the State Treasury.

33 (b) Notwithstanding Section 8753.5, the money in the fund may
34 be expended by the council, upon appropriation by the Legislature,
35 to issue grants pursuant to this chapter.

36 8758.2. (a) A city, county, district, including, but not limited
37 to, a regional park district, a joint powers authority, or a nonprofit
38 arts organization deemed eligible by the council, may apply to the
39 council for a local assistance program grant for organizational
40 support.

1 (b) The council, when issuing a grant pursuant to this chapter,
2 shall encourage joint partnerships between applicants to enhance
3 investment of public resources to enable the growth of the creative
4 economy in communities throughout the state.

5 (c) The council shall submit an annual report to the Legislature
6 that includes the status of each grant made pursuant to this chapter.

7 SEC. 3. Section 7101.2 is added to the Revenue and Taxation
8 Code, to read:

9 7101.2. Notwithstanding Section 7101, 20 percent of all
10 revenues, less refunds, derived from the taxes imposed pursuant
11 to Sections 6051 and 6201 and remitted to the board by the
12 taxpayers identified in the board's records as engaged in those
13 lines of business described in Codes 11 and 15 of the board's
14 business classification coding system or Codes 451100, 453920,
15 and 453998 of the North American Industry Classification System,
16 provided that the board has fully implemented use of the North
17 American Industry Classification System, which would otherwise
18 be deposited in the General Fund, shall be deposited in the Creative
19 Industries and Community Economic Revitalization Fund for
20 purposes of implementing Chapter 9.1 (commencing with Section
21 8758) of Division 1 of Title 2 of the Government Code.